



Legislative Fiscal Office

for the state of Louisiana

Household Distribution, Personal Income tax and Sales Tax

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Task Force on Structural Changes in Budget and Tax Policy



Legislative Fiscal Office

for the state of Louisiana

Personal income tax. Current law distribution

DISTRIBUTION OF STATE PERSONAL INCOME TAX ALL RESIDENT FILERS ALL FILING STATUS' COMBINED* TAX TABLE LIABILITY BASIS** TAX YEAR 2014 TAX RETURNS CURRENT LAW BASELINE

Cumm. Return %	Federal Gross	Adjusted Income	Number Returns	Average FAGI ¹	Curr Effec Inc Tax Rate ²	Curr Law Inc Tax Liab	Prop Law Inc Tax Liab	Inc Tax \$ Change	Inc Tax % Change	Prop Effec Inc Tax Rate	Aggregate Inc Tax Change	Share of Agg Inc Tax Chg
5.0%	\$0	\$5,000	86,724	\$2,740	0.0%	\$0	\$0	\$0	0.0%	0.0%	\$0	0.0%
12.6%	\$5,000	\$10,000	133,101	\$7,745	0.4%	\$33	\$33	\$0	0.0%	0.4%	\$0	0.0%
22.6%	\$10,000	\$15,000	175,544	\$12,617	0.7%	\$87	\$87	\$0	0.0%	0.7%	\$0	0.0%
31.8%	\$15,000	\$20,000	159,721	\$17,383	1.2%	\$215	\$215	\$0	0.0%	1.2%	\$0	0.0%
39.2%	\$20,000	\$25,000	129,054	\$22,421	1.6%	\$353	\$353	\$0	0.0%	1.6%	\$0	0.0%
45.5%	\$25,000	\$30,000	109,265	\$27,426	1.8%	\$482	\$482	\$0	0.0%	1.8%	\$0	0.0%
55.5%	\$30,000	\$40,000	176,207	\$34,774	1.9%	\$669	\$669	\$0	0.0%	1.9%	\$0	0.0%
63.4%	\$40,000	\$50,000	136,297	\$44,758	2.1%	\$929	\$929	\$0	0.0%	2.1%	\$0	0.0%
69.5%	\$50,000	\$60,000	106,543	\$54,820	2.1%	\$1,162	\$1,162	\$0	0.0%	2.1%	\$0	0.0%
74.4%	\$60,000	\$70,000	86,502	\$64,829	2.2%	\$1,425	\$1,425	\$0	0.0%	2.2%	\$0	0.0%
78.5%	\$70,000	\$80,000	72,124	\$74,851	2.3%	\$1,731	\$1,731	\$0	0.0%	2.3%	\$0	0.0%
82.0%	\$80,000	\$90,000	61,143	\$84,854	2.4%	\$2,034	\$2,034	\$0	0.0%	2.4%	\$0	0.0%
85.0%	\$90,000	\$100,000	51,834	\$94,874	2.5%	\$2,351	\$2,351	\$0	0.0%	2.5%	\$0	0.0%
89.5%	\$100,000	\$120,000	78,939	\$109,340	2.6%	\$2,803	\$2,803	\$0	0.0%	2.6%	\$0	0.0%
92.5%	\$120,000	\$140,000	51,834	\$129,254	2.7%	\$3,426	\$3,426	\$0	0.0%	2.7%	\$0	0.0%
94.4%	\$140,000	\$160,000	33,897	\$149,333	2.8%	\$4,135	\$4,135	\$0	0.0%	2.8%	\$0	0.0%
95.7%	\$160,000	\$180,000	22,627	\$169,307	2.9%	\$4,910	\$4,910	\$0	0.0%	2.9%	\$0	0.0%
96.6%	\$180,000	\$200,000	15,088	\$189,378	3.0%	\$5,711	\$5,711	\$0	0.0%	3.0%	\$0	0.0%
97.8%	\$200,000	\$250,000	21,391	\$221,727	3.1%	\$6,956	\$6,956	\$0	0.0%	3.1%	\$0	0.0%
98.5%	\$250,000	\$300,000	11,176	\$272,572	3.3%	\$8,903	\$8,903	\$0	0.0%	3.3%	\$0	0.0%
98.9%	\$300,000	\$350,000	6,566	\$323,068	3.3%	\$10,712	\$10,712	\$0	0.0%	3.3%	\$0	0.0%
99.1%	\$350,000	\$400,000	4,277	\$373,629	3.4%	\$12,581	\$12,581	\$0	0.0%	3.4%	\$0	0.0%
99.3%	\$400,000	\$450,000	3,012	\$423,640	3.4%	\$14,399	\$14,399	\$0	0.0%	3.4%	\$0	0.0%
99.4%	\$450,000	\$500,000	2,234	\$473,986	3.4%	\$16,323	\$16,323	\$0	0.0%	3.4%	\$0	0.0%
99.6%	\$500,000	\$600,000	2,911	\$544,784	3.4%	\$18,705	\$18,705	\$0	0.0%	3.4%	\$0	0.0%
99.7%	\$600,000	\$700,000	1,764	\$647,434	3.5%	\$22,527	\$22,527	\$0	0.0%	3.5%	\$0	0.0%
99.7%	\$700,000	\$800,000	1,231	\$748,063	3.5%	\$26,003	\$26,003	\$0	0.0%	3.5%	\$0	0.0%
99.8%	\$800,000	\$900,000	846	\$846,767	3.5%	\$29,377	\$29,377	\$0	0.0%	3.5%	\$0	0.0%
99.8%	\$900,000	\$1,000,000	603	\$946,825	3.5%	\$32,737	\$32,737	\$0	0.0%	3.5%	\$0	0.0%
100.0%	\$1,000,000 plus		3,158	\$2,719,092	3.1%	\$83,924	\$83,924	\$0	0.0%	3.1%	\$0	0.0%
			1,745,613								\$0	

Current Law Scenario (Single/Joint)

\$0 - \$12,500 / \$25,000

\$12.5k/\$25k - \$50k/\$100k

\$50k/\$100k plus

100% Federal Income Tax Deduction

100% Federal Excess Itemized Deduction Allowed

\$4,500 / \$9,000 / \$1,000 Standard & Dependent Deductions

Rates

2%

4%

6%

Proposed Law Scenario (Single/Joint)

\$0 - \$12,500 / \$25,000

\$12.5k/\$25k - \$50k/\$100k

\$50k/\$100k plus

100% Federal Income Tax Deduction

100% Federal Excess Itemized Deduction Allowed

\$4,500 / \$9,000 / \$1,000 Standard & Dependent Deductions

Rates

2%

4%

6%

The table reflects a high proportion of resident households; 104% of 2014 Census occupied housing units and 80% of Census population estimate.

¹FAGI stands for federal adjusted gross income; the starting point for the state income tax return.

²Effective tax rate is tax liability divided by federal adjusted gross income. It reflects the actual taxable income base and the marginal tax rate structure.

* Includes all resident filing status'; single, married filing separately, joint, qualifying surviving spouses, and head-of-household filers.

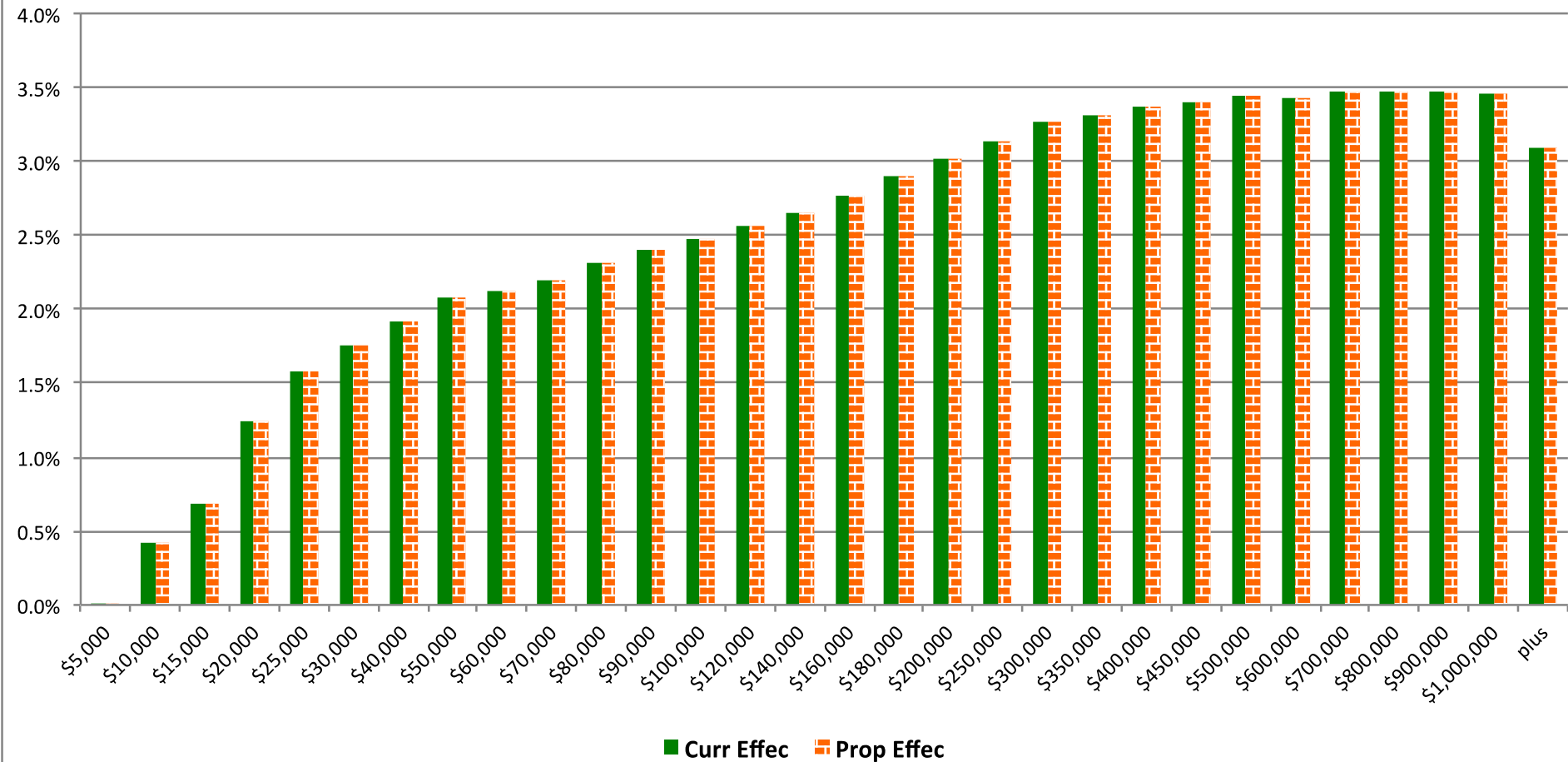
** Tax table liability is prior to any credits (nonrefundable or refundable) that determine final liability. Final liability incorporates all such tax credits.



Legislative Fiscal Office *for the state of Louisiana*

Personal income tax. Current law distribution. Much of the progressivity of the tax occurs at the low end, up to \$50,000, then progressivity slows. After about \$500,000 there is essentially no more progressiveness. \$1m+ category is open-ended.

Effective Income Tax Rates, by FAGI All Resident Filing Status'

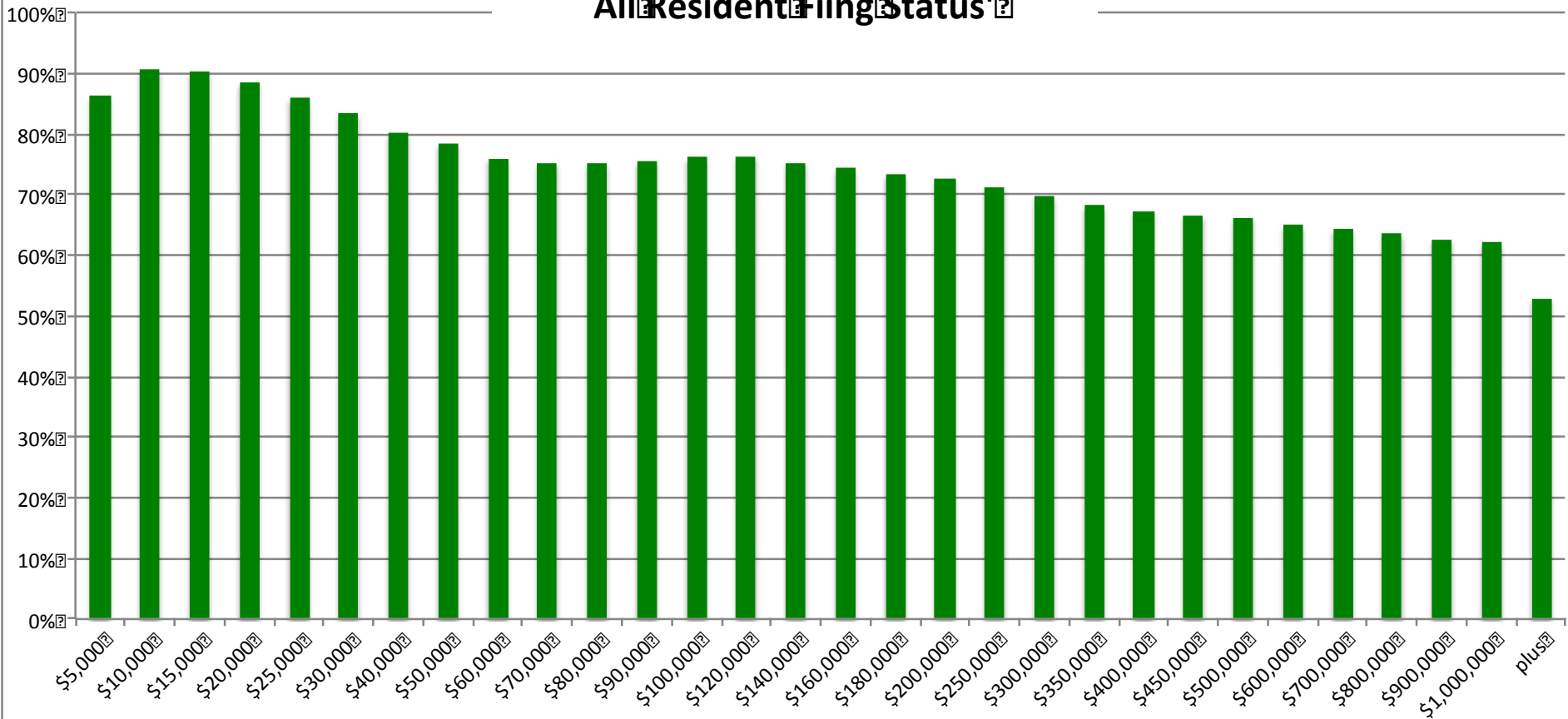




Legislative Fiscal Office for the state of Louisiana

Personal income tax. Share of income subject to tax falls as income rises.
This largely reflects the federal income tax deduction and excess itemized deduction.

Share of FAGI Subject to Income Tax Current Law All Resident Filing Status'



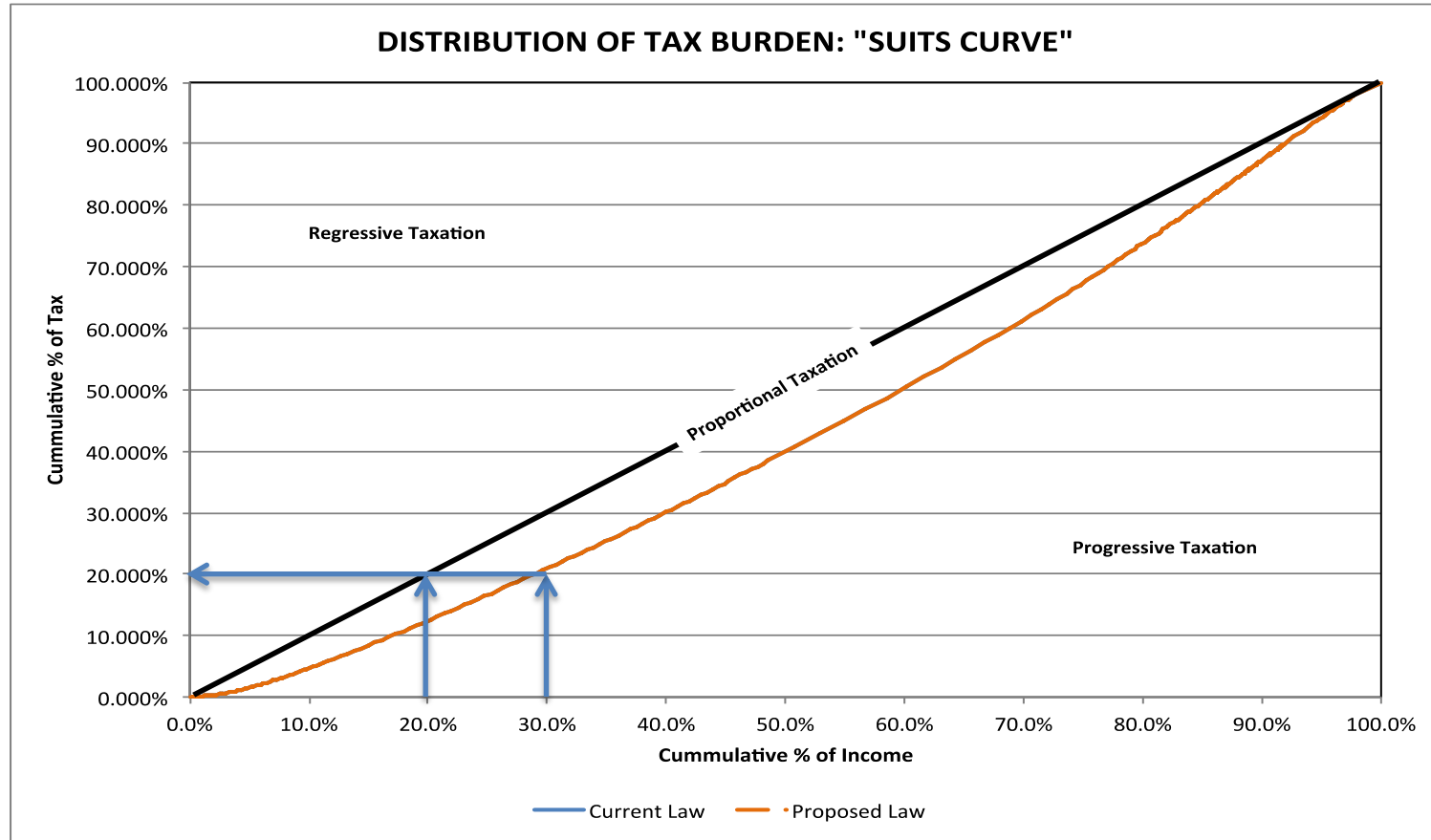


Legislative Fiscal Office

for the state of Louisiana

Progressivity of the Personal Income Tax. Mildly progressive. Read along the curve as follows: the bottom 30% of income pays 20% of the tax (the top 70% pays 80%).

All Resident Filing Status' Combined



Current Suits Index (S) = 0.1393
Proposed Suits Index (S) = 0.1393

S > 0 reflects a progressive tax
S < 0 reflects a regressive tax

Income Tax Only

S = the estimated share (area) of the upper and/or lower triangle areas that lie between the diagonal line and the observed curve. This calculation of the index reflects the average progressivity of the tax over the entire income range.

As S approaches 1, the greater the area of the bottom triangle that lies between the diagonal and the curve. The curve lies below the diagonal.

The more progressive is the tax. At S = 1, the single highest income filer bears the entire tax burden.

As S approaches 0, the smaller the area of the triangle that lies between the diagonal and the curve.

The more proportional is the tax. At S = 0, each filer bears the same % tax burden.

As S approaches -1, the greater the area of the top triangle that lies between the diagonal and the curve. The curve lies above the diagonal.

The more regressive is the tax. At S = -1, the single lowest income filer bears the entire tax burden.



Legislative Fiscal Office

for the state of Louisiana

General sales tax. 5% state rate distribution

DISTRIBUTION OF STATE GENERAL SALES TAX

CONSUMER EXPENDITURE SURVEY, 2013-2014 CURRENT LAW BASELINE

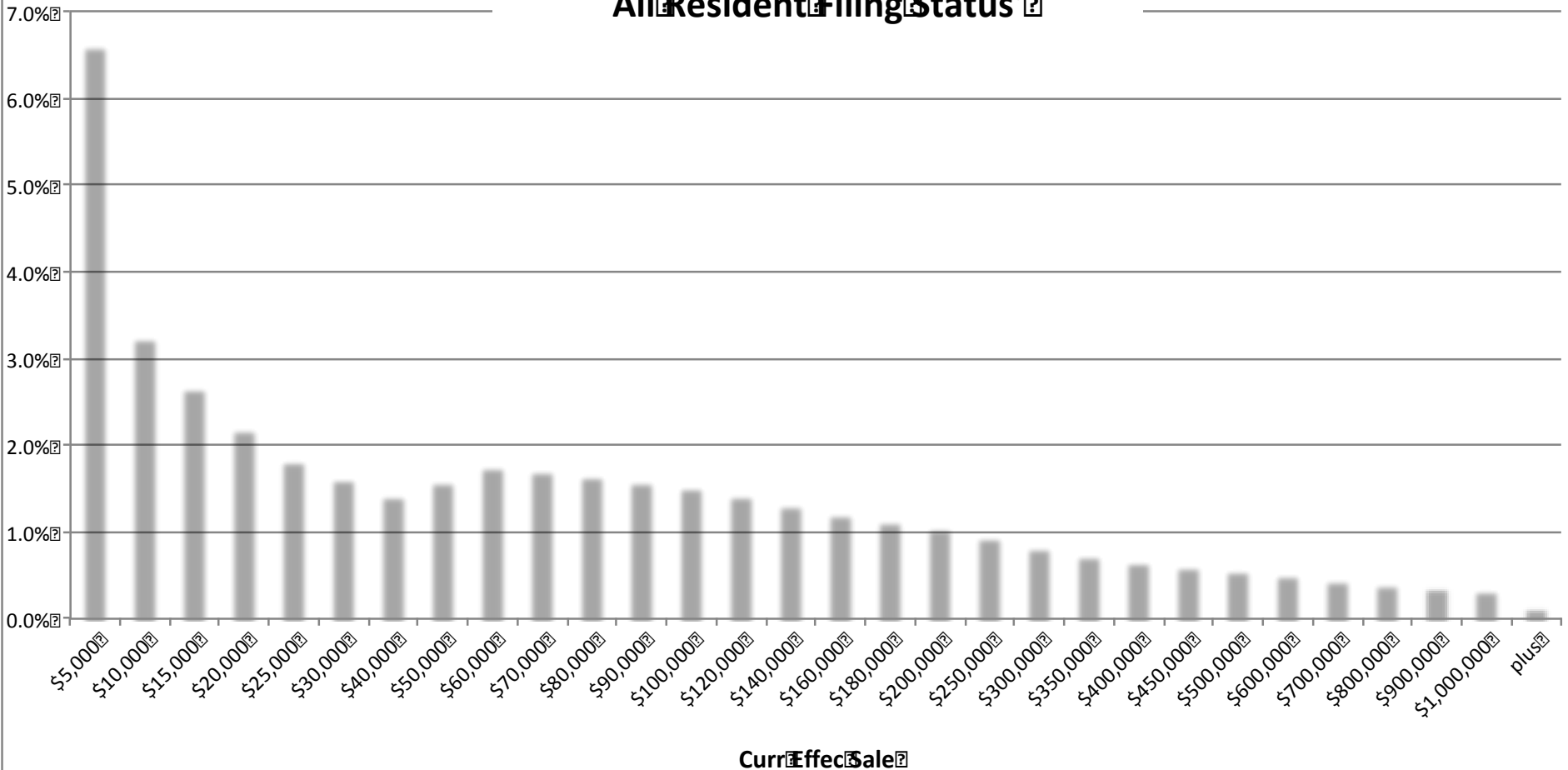
Cumm. Return %	Federal Gross	Adjusted Income	Number Returns	Average FAGI ¹	Curr Effec Sales Tax Rate	Curr Law Sales Tax	Prop Law Sales Tax	Sales Tax \$ Change	Prop Effec Sales Tax Rate	Aggregate Sales Tax Change	Share of Agg Sales Tax Chg
5.0%	\$0	\$5,000	86,724	\$2,740	6.6%	\$181	\$181	\$0	6.6%	\$0	0.0%
12.6%	\$5,000	\$10,000	133,101	\$7,745	3.2%	\$251	\$251	\$0	3.2%	\$0	0.0%
22.6%	\$10,000	\$15,000	175,544	\$12,617	2.7%	\$336	\$336	\$0	2.7%	\$0	0.0%
31.8%	\$15,000	\$20,000	159,721	\$17,383	2.2%	\$380	\$380	\$0	2.2%	\$0	0.0%
39.2%	\$20,000	\$25,000	129,054	\$22,421	1.8%	\$409	\$409	\$0	1.8%	\$0	0.0%
45.5%	\$25,000	\$30,000	109,265	\$27,426	1.6%	\$444	\$444	\$0	1.6%	\$0	0.0%
55.5%	\$30,000	\$40,000	176,207	\$34,774	1.4%	\$495	\$495	\$0	1.4%	\$0	0.0%
63.4%	\$40,000	\$50,000	136,297	\$44,758	1.6%	\$709	\$709	\$0	1.6%	\$0	0.0%
69.5%	\$50,000	\$60,000	106,543	\$54,820	1.8%	\$964	\$964	\$0	1.8%	\$0	0.0%
74.4%	\$60,000	\$70,000	86,502	\$64,829	1.7%	\$1,109	\$1,109	\$0	1.7%	\$0	0.0%
78.5%	\$70,000	\$80,000	72,124	\$74,851	1.6%	\$1,234	\$1,234	\$0	1.6%	\$0	0.0%
82.0%	\$80,000	\$90,000	61,143	\$84,854	1.6%	\$1,343	\$1,343	\$0	1.6%	\$0	0.0%
85.0%	\$90,000	\$100,000	51,834	\$94,874	1.5%	\$1,439	\$1,439	\$0	1.5%	\$0	0.0%
89.5%	\$100,000	\$120,000	78,939	\$109,340	1.4%	\$1,559	\$1,559	\$0	1.4%	\$0	0.0%
92.5%	\$120,000	\$140,000	51,834	\$129,254	1.3%	\$1,694	\$1,694	\$0	1.3%	\$0	0.0%
94.4%	\$140,000	\$160,000	33,897	\$149,333	1.2%	\$1,808	\$1,808	\$0	1.2%	\$0	0.0%
95.7%	\$160,000	\$180,000	22,627	\$169,307	1.1%	\$1,904	\$1,904	\$0	1.1%	\$0	0.0%
96.6%	\$180,000	\$200,000	15,088	\$189,378	1.0%	\$1,983	\$1,983	\$0	1.0%	\$0	0.0%
97.8%	\$200,000	\$250,000	21,391	\$221,727	0.9%	\$2,098	\$2,098	\$0	0.9%	\$0	0.0%
98.5%	\$250,000	\$300,000	11,176	\$272,572	0.8%	\$2,248	\$2,248	\$0	0.8%	\$0	0.0%
98.9%	\$300,000	\$350,000	6,566	\$323,068	0.7%	\$2,368	\$2,368	\$0	0.7%	\$0	0.0%
99.1%	\$350,000	\$400,000	4,277	\$373,629	0.7%	\$2,478	\$2,478	\$0	0.7%	\$0	0.0%
99.3%	\$400,000	\$450,000	3,012	\$423,640	0.6%	\$2,573	\$2,573	\$0	0.6%	\$0	0.0%
99.4%	\$450,000	\$500,000	2,234	\$473,986	0.6%	\$2,655	\$2,655	\$0	0.6%	\$0	0.0%
99.6%	\$500,000	\$600,000	2,911	\$544,784	0.5%	\$2,760	\$2,760	\$0	0.5%	\$0	0.0%
99.7%	\$600,000	\$700,000	1,764	\$647,434	0.4%	\$2,886	\$2,886	\$0	0.4%	\$0	0.0%
99.7%	\$700,000	\$800,000	1,231	\$748,063	0.4%	\$3,000	\$3,000	\$0	0.4%	\$0	0.0%
99.8%	\$800,000	\$900,000	846	\$846,767	0.4%	\$3,076	\$3,076	\$0	0.4%	\$0	0.0%
99.8%	\$900,000	\$1,000,000	603	\$946,825	0.3%	\$3,161	\$3,161	\$0	0.3%	\$0	0.0%
100.0%	\$1,000,000 plus		3,158	\$2,719,092	0.1%	\$3,661	\$3,661	\$0	0.1%	\$0	0.0%
			1,745,613							\$0	



Legislative Fiscal Office *for the state of Louisiana*

Effective Tax Rate: General sales tax. Effective Tax Rate = Total Tax ÷ FAGI.
Regressivity of sales taxes is obvious.

Current Law, Household Taxation Effective State Sales Tax Rates, by FAGI All Resident Filing Status'



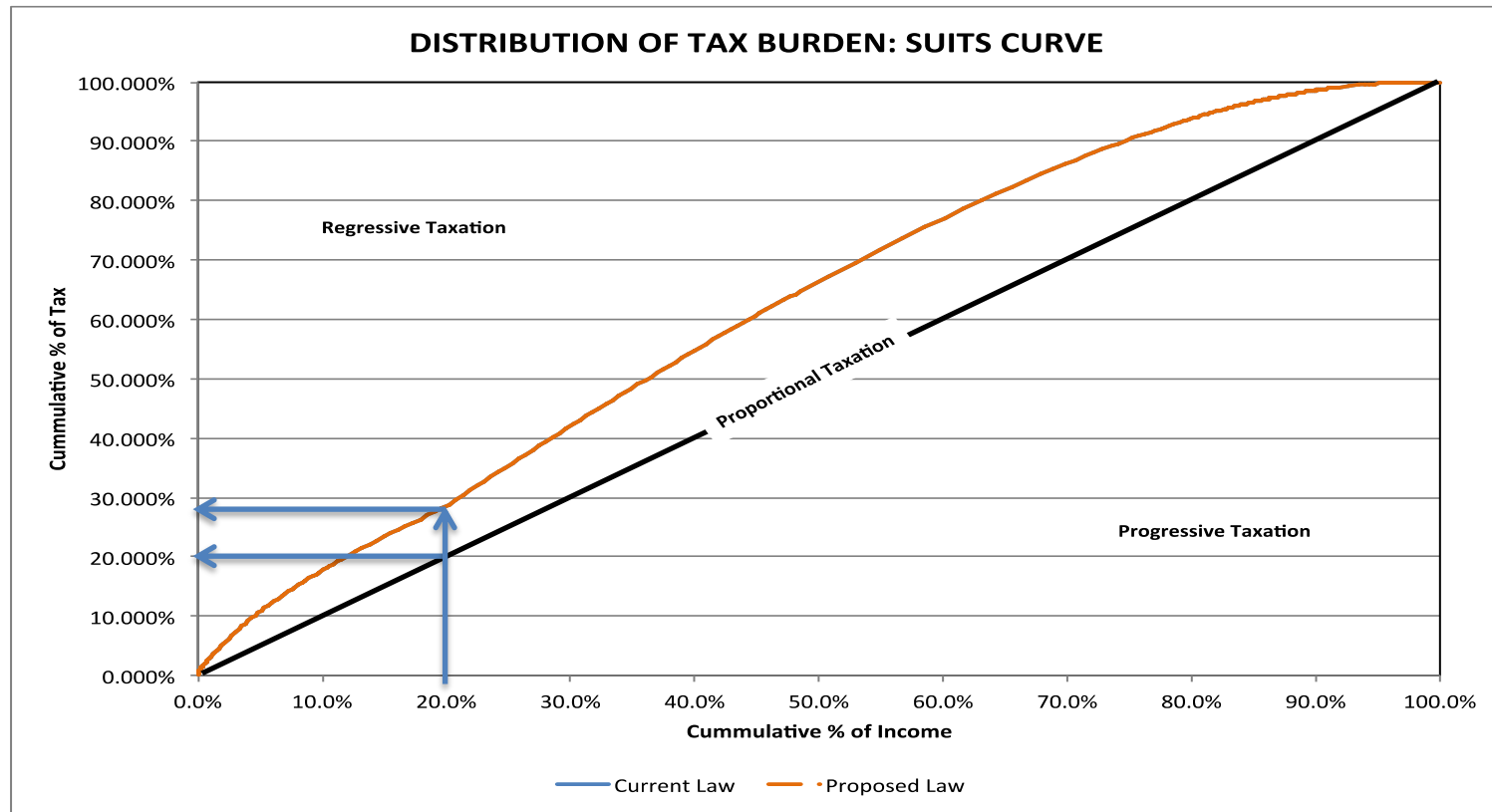


Legislative Fiscal Office

for the state of Louisiana

Progressivity of the Sales Tax. Moderately regressive. Read along the curve as follows: the bottom 20% of income pays nearly 30% of the tax (the top 80% pays 70%).

All Resident Filing Status' Combined



Current Suits Index (S) = (0.2361)
Proposed Suits Index (S) = (0.2361)

S > 0 reflects a progressive tax
S < 0 reflects a regressive tax

Sales Tax Only

S = the estimated share (area) of the upper and/or lower triangle areas that lie between the diagonal line and the observed curve. This calculation of the index reflects the average progressivity of the tax over the entire income range.

As S approaches 1, the greater the area of the bottom triangle that lies between the diagonal and the curve. The curve lies below the diagonal. The more progressive is the tax. At S = 1, the single highest income filer bears the entire tax burden.

As S approaches 0, the smaller the area of the triangle that lies between the diagonal and the curve. The more proportional is the tax. At S = 0, each filer bears the same % tax burden.

As S approaches -1, the greater the area of the top triangle that lies between the diagonal and the curve. The curve lies above the diagonal. The more regressive is the tax. At S = -1, the single lowest income filer bears the entire tax burden.



Legislative Fiscal Office

for the state of Louisiana

Combined State Tax Distribution: Income tax and sales tax

DISTRIBUTION OF COMBINED STATE TAX, INCOME & SALES

Cumm. Return %	Federal Gross	Adjusted Income	Number Returns	Average FAGI ¹	Combined Effec Curr Tax Rate	Comb Curr Law Tax	Comb Prop Law Tax	Comb Tax \$ Change	Combined Effec Prop Tax Rate	Aggregate Tax Change	Share of Agg Tax Chg
5.0%	\$0	\$5,000	86,724	\$2,740	6.6%	\$181	\$181	\$0	6.6%	\$0	0.0%
12.6%	\$5,000	\$10,000	133,101	\$7,745	3.7%	\$284	\$284	\$0	3.7%	\$0	0.0%
22.6%	\$10,000	\$15,000	175,544	\$12,617	3.4%	\$423	\$423	\$0	3.4%	\$0	0.0%
31.8%	\$15,000	\$20,000	159,721	\$17,383	3.4%	\$595	\$595	\$0	3.4%	\$0	0.0%
39.2%	\$20,000	\$25,000	129,054	\$22,421	3.4%	\$762	\$762	\$0	3.4%	\$0	0.0%
45.5%	\$25,000	\$30,000	109,265	\$27,426	3.4%	\$926	\$926	\$0	3.4%	\$0	0.0%
55.5%	\$30,000	\$40,000	176,207	\$34,774	3.3%	\$1,164	\$1,164	\$0	3.3%	\$0	0.0%
63.4%	\$40,000	\$50,000	136,297	\$44,758	3.7%	\$1,637	\$1,637	\$0	3.7%	\$0	0.0%
69.5%	\$50,000	\$60,000	106,543	\$54,820	3.9%	\$2,126	\$2,126	\$0	3.9%	\$0	0.0%
74.4%	\$60,000	\$70,000	86,502	\$64,829	3.9%	\$2,534	\$2,534	\$0	3.9%	\$0	0.0%
78.5%	\$70,000	\$80,000	72,124	\$74,851	4.0%	\$2,965	\$2,965	\$0	4.0%	\$0	0.0%
82.0%	\$80,000	\$90,000	61,143	\$84,854	4.0%	\$3,378	\$3,378	\$0	4.0%	\$0	0.0%
85.0%	\$90,000	\$100,000	51,834	\$94,874	4.0%	\$3,790	\$3,790	\$0	4.0%	\$0	0.0%
89.5%	\$100,000	\$120,000	78,939	\$109,340	4.0%	\$4,362	\$4,362	\$0	4.0%	\$0	0.0%
92.5%	\$120,000	\$140,000	51,834	\$129,254	4.0%	\$5,120	\$5,120	\$0	4.0%	\$0	0.0%
94.4%	\$140,000	\$160,000	33,897	\$149,333	4.0%	\$5,942	\$5,942	\$0	4.0%	\$0	0.0%
95.7%	\$160,000	\$180,000	22,627	\$169,307	4.0%	\$6,814	\$6,814	\$0	4.0%	\$0	0.0%
96.6%	\$180,000	\$200,000	15,088	\$189,378	4.1%	\$7,694	\$7,694	\$0	4.1%	\$0	0.0%
97.8%	\$200,000	\$250,000	21,391	\$221,727	4.1%	\$9,054	\$9,054	\$0	4.1%	\$0	0.0%
98.5%	\$250,000	\$300,000	11,176	\$272,572	4.1%	\$11,151	\$11,151	\$0	4.1%	\$0	0.0%
98.9%	\$300,000	\$350,000	6,566	\$323,068	4.0%	\$13,081	\$13,081	\$0	4.0%	\$0	0.0%
99.1%	\$350,000	\$400,000	4,277	\$373,629	4.0%	\$15,059	\$15,059	\$0	4.0%	\$0	0.0%
99.3%	\$400,000	\$450,000	3,012	\$423,640	4.0%	\$16,973	\$16,973	\$0	4.0%	\$0	0.0%
99.4%	\$450,000	\$500,000	2,234	\$473,986	4.0%	\$18,978	\$18,978	\$0	4.0%	\$0	0.0%
99.6%	\$500,000	\$600,000	2,911	\$544,784	3.9%	\$21,466	\$21,466	\$0	3.9%	\$0	0.0%
99.7%	\$600,000	\$700,000	1,764	\$647,434	3.9%	\$25,413	\$25,413	\$0	3.9%	\$0	0.0%
99.7%	\$700,000	\$800,000	1,231	\$748,063	3.9%	\$29,003	\$29,003	\$0	3.9%	\$0	0.0%
99.8%	\$800,000	\$900,000	846	\$846,767	3.8%	\$32,453	\$32,453	\$0	3.8%	\$0	0.0%
99.8%	\$900,000	\$1,000,000	603	\$946,825	3.8%	\$35,898	\$35,898	\$0	3.8%	\$0	0.0%
100.0%	\$1,000,000	plus	3,158	\$2,719,092	3.2%	\$87,585	\$87,585	\$0	3.2%	\$0	0.0%
			1,745,613							\$0	

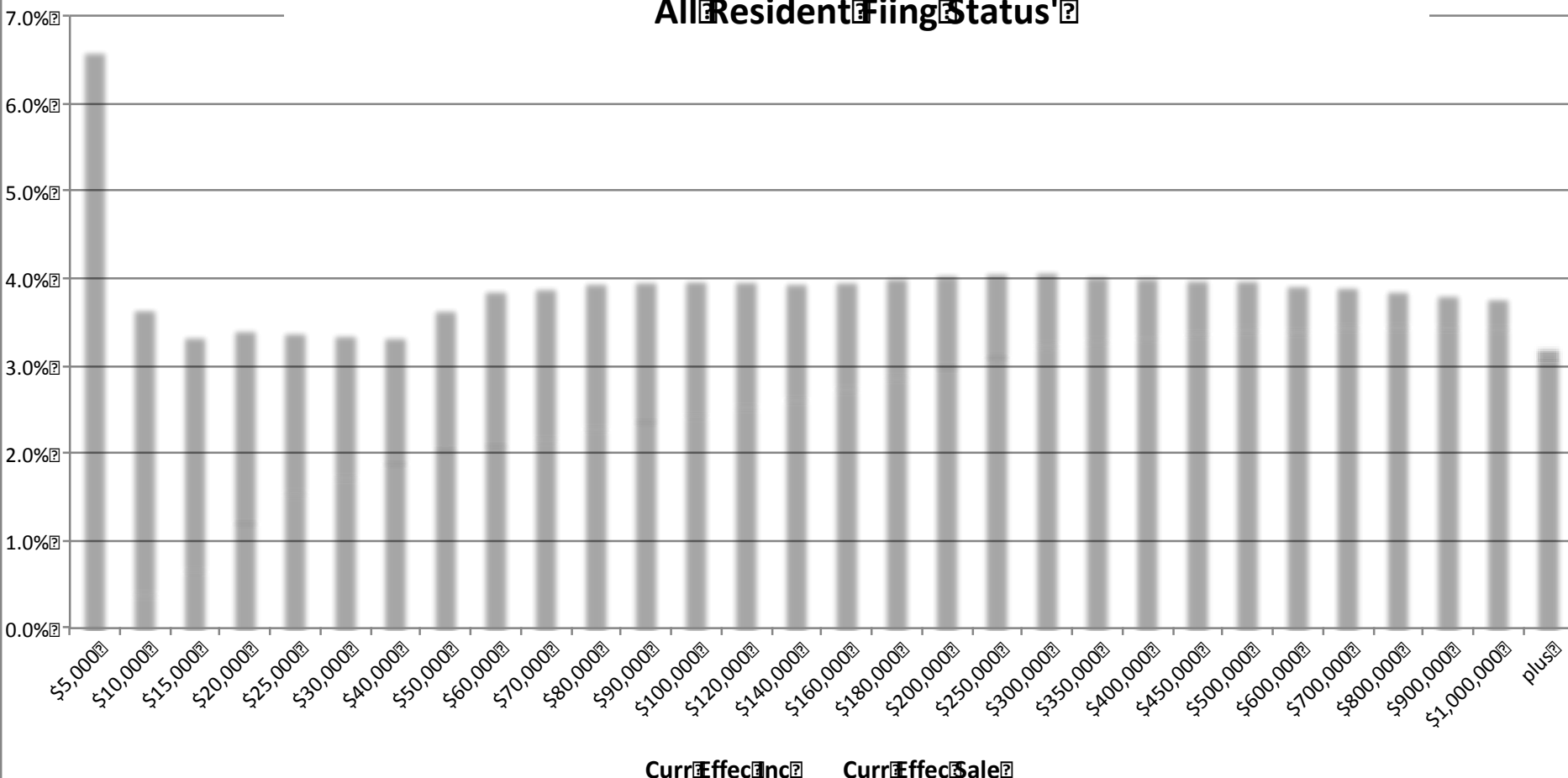


Legislative Fiscal Office

for the state of Louisiana

Combined Effective Tax Rate: Personal income tax and general sales tax.
Effective Tax Rate = Total Tax ÷ FAGI

Current Law, Household Taxation Average Effective Combined State Income & Sales Tax Rates, by FAGI All Resident Filing Status'

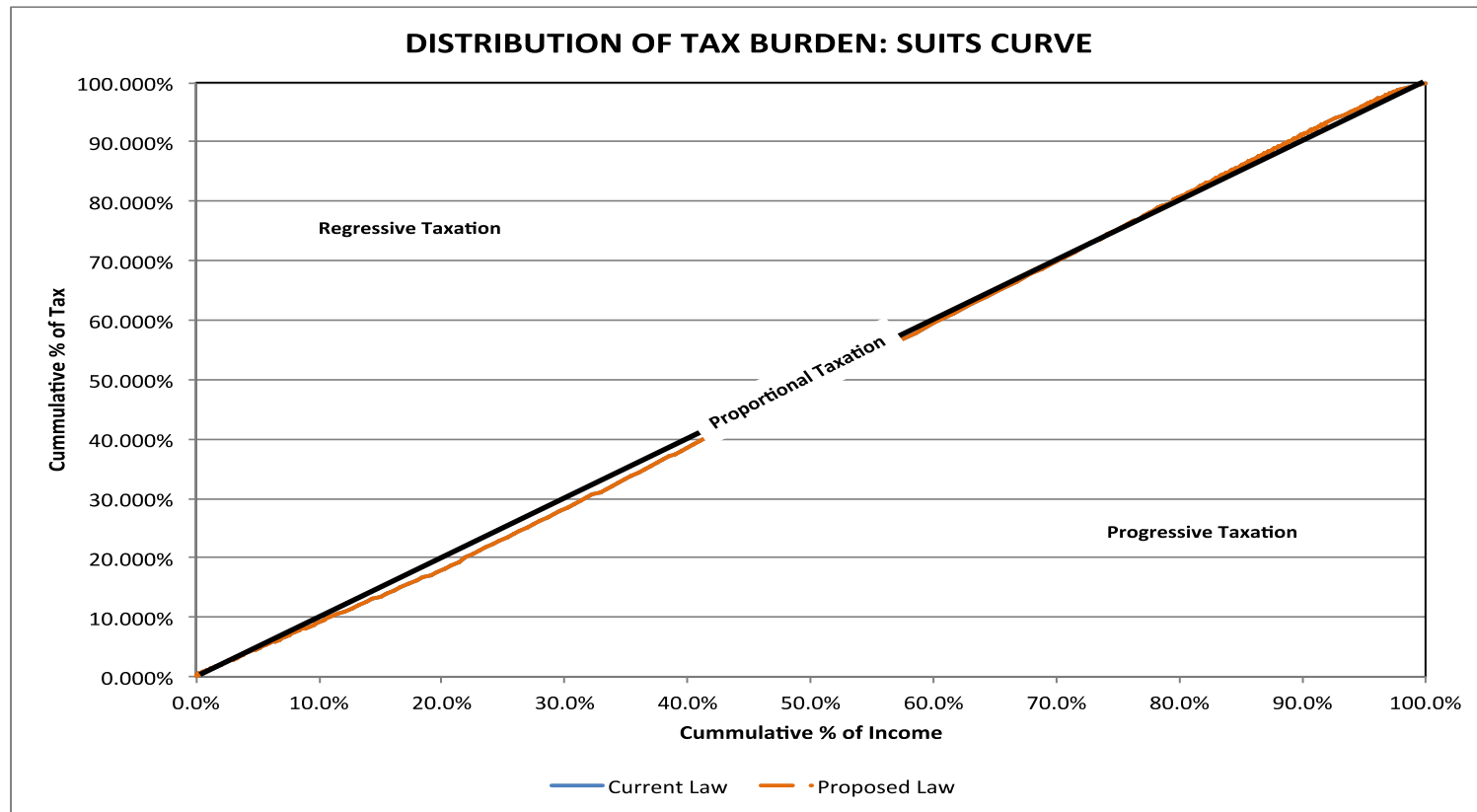




Legislative Fiscal Office for the state of Louisiana

Combined state income and sales taxation essentially proportional

All Resident Filing Status' Combined



Current Suits Index (S) = 0.0100
Proposed Suits Index (S) = 0.0100

S > 0 reflects a progressive tax
S < 0 reflects a regressive tax

Income & Sales Tax

S = the estimated share (area) of the upper and/or lower triangle areas that lie between the diagonal line and the observed curve. This calculation of the index reflects the average progressivity of the tax over the entire income range.

As S approaches 1, the greater the area of the bottom triangle that lies between the diagonal and the curve. The curve lies below the diagonal. The more progressive is the tax. At S = 1, the single highest income filer bears the entire tax burden.

As S approaches 0, the smaller the area of the triangle that lies between the diagonal and the curve. The more proportional is the tax. At S = 0, each filer bears the same % tax burden.

As S approaches -1, the greater the area of the top triangle that lies between the diagonal and the curve. The curve lies above the diagonal. The more regressive is the tax. At S = -1, the single lowest income filer bears the entire tax burden.